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DEPARTMENT FOR ISN/MTR, EUR/AGS, AND EUR/PRA

E.O. 12958: DECL: 10/27/2016  
TAGS: [PARM](#) [PREL](#) [MNUC](#) [ETTC](#) [MTCRE](#) [AU](#)  
SUBJECT: UPDATE ON DANIEL FROSCH EXPORT CASE

REF: STATE 175861

Classified By: Charge d'Affaires a.i. Scott F. Kilner for reasons 1.5  
(b) and (d).

Summary  
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¶1. (S/NF) Helmut Krehlik, Head of the Ministry of Economy's (MoE) Export and Import Control Division, recently provided post with an update on the Daniel Frosch Export (DFE) case. Frosch's father, Erich Frosch, remains under custody, and Austrian authorities hope to charge him with facilitating the production of WMD materials. According to Krehlik (strictly protect), Austria's intelligence service (BVT) is working with British intelligence to "bring Daniel Frosch back to Austria from Abu Dhabi." The BVT has information that Daniel Frosch's brother (FNU) is planning to smuggle precision potentiometers in luggage from Austria to the Iranian firm Babaie Industries via Abu Dhabi. The BVT is monitoring the brother and plans to apprehend him, if he attempts to leave Austria with the potentiometers. The source of the potentiometers is a U.S. firm, Vishay Spectrol. In Krehlik's view, given the extremely sensitive stage of the law enforcement operations against Daniel Frosch and his brother, the USG's offer of additional assistance outlined in reftel, might complicate on-going operations. Post requests that Washington agencies, including the Department of Commerce's Office of Export Enforcement, coordinate very closely on the DFE case. Any law enforcement requests/activities should be coordinated with DHS/ICE Vienna. End Summary.

Erich Frosch Still in Custody  
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¶2. (S/NF) EconUnit Chief and Econ/Pol Officer met with Helmut Krehlik, Head of the Ministry of Economy's (MoE) Export and Import Control Division, on October 19 to discuss the latest developments in the Daniel Frosch Export (DFE) case. Following receipt of reftel, Acting EconPol Counselor presented reftel talking points to Krehlik on October 25. Regarding the criminal proceedings against Erich Frosch, Daniel Frosch's father, Krehlik said that the investigating judge had told him that Erich Frosch's lawyer has appealed twice to have Erich Frosch released on bail. The court turned down the first request, and a provincial court is now reviewing the second request. According to Krehlik, Austrian authorities hope to charge Erich Frosch under Article 177 of the Criminal Code for facilitating the production of WMD materials.

GoA Operation to Bring Daniel Frosch Back to Austria (S/NF)  
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¶3. (S/NF) Krehlik said that Austrian authorities suspect that Daniel Frosch is in Abu Dhabi. Krehlik (strictly protect) explained that the Austrian domestic intelligence service (BVT) is collaborating with British intelligence to "bring Frosch back to Austria." Krehlik promised to relay reftel offer to assist in the DFE case to the BVT, but added that, at the present delicate stage, an additional actor might complicate operations. Krehlik opined that the Department of Commerce's Office of Export Enforcement may have inadvertently alerted Mojgan Rohani of Bazar Trading Company -- a known Iranian with contacts to Iranian WMD procurers -- to heightened Western interest at the same time Austrian law enforcement operations were underway against DFE in Abu Dhabi. Krehlik promised to keep the embassy apprised of developments through the various channels of communication between the GoA and the embassy.

DFE Plans to Re-export U.S. Potentiometers to Iran (S/NF)  
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¶4. (S/NF) Krehlik then presented a new wrinkle in the case: the BVT had obtained information that Daniel Frosch's brother (FNU) is planning to export precision potentiometers in his personal luggage to the Iranian firm Babaie Industries via the UAE. The source of the potentiometers was a U.S. firm, Vishay Spectrol, with the following coordinates: One Greenwich Place, Shelton, CT 06484; 402-563-6866; fax 402-563-6296; business-americas@vishay.com. Krehlik passed us the purchase order. (Note: We immediately shared this purchase order with DHS/ICE and other relevant agencies at post. DHS/ICE has investigated this transaction and determined that sample potentiometers were shipped through a Dutch intermediary in November 2005. To date, the purchase order has not been completed. End Note) Krehlik added that the BVT is working on an operation to apprehend the brother if he attempts to bring the potentiometers from Austria to Abu Dhabi. According to Krehlik, the export is clearly for military purposes to a known WMD proliferator.

Comment  
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¶5. (S/NF) Given the extremely sensitive nature of the on-going operations against Daniel Frosch and his brother, the GoA appears to not want an additional actor in the mix. The GoA -- MoE and BVT -- have been collaborating with different agencies at post on this case. Austrian authorities have informally provided DHS/ICE with an enormous amount of electronic data from DFE, which DHS/ICE is analyzing for the Austrians. Additionally, DHS/ICE has had a formal criminal investigation open since November 2005 targetting Frosch for the illegal transshipment of commodities to Iran. In this context, post requests that Washington agencies, including the Department of Commerce's Office of Export Enforcement coordinate very closely on the DFE case.

¶6. (U) This message has been cleared by all relevant agencies at post.  
Kilner